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ABSTRACT

Over the past 20 years, continuing vocational training in France has evolved within an innovative institutional system that has produced results. The goals of the institutional program are to: (1) give individuals who had been excluded from initial training a second chance; (2) give people greater control over their lives by improving their level of education and training; and (3) permit the adaptation of skills and increase employers' ability to react to economic change. Continual vocational training is a permanent feature in the French economy because of legislation. The legal obligations of employers generated a vast and ever-expanding market for continuing training. As a result, new institutions had to be created to regulate this market and ensure better coordination. The situation gave rise to two kinds of innovations: training insurance funds and training associations. The growth of this training is the result of industrial activities. Employers can be divided into three main groups according to the scale of their training effort: (1) sectors with a strong tradition of continuing training; (2) intermediate situations, in which training accommodates change or resolves a crisis; and (3) sectors providing near the legal minimum. Mainly found in large firms, many innovations in continuing training could prefigure the future role of training investment in employment practices. (Seven references are included.) (NLA)

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TRAINING & EMPLOYMENT

FRENCH DIMENSIONS

A NEWSLETTER FROM CEREQ AND ITS ASSOCIATED CENTRES

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Continuing Vocational Training in France

Review and Perspectives

Over the past twenty years, continuing vocational training in France has evolved within an innovative institutional system that has produced indisputable results in the firms. At a time when the social partners and the State are in the process of jointly reexamining the legislative and regulatory framework that governs this system, it seems particularly appropriate to review its performance. What follows is a summary of the origins and underlying principles of the continuing vocational training system in the firms, its principal results, and the nature of the current debate surrounding it.

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CONTENTS

CONTINUING VOCATIONAL TRAINING IN FRANCE

- *Goals of the Institutional Programme*
- *An Original Incentive System within the OECD*
- *Unprecedented Institutional Innovations*
- *Training with a Capital T*
- *Large Disparities between Sectors and Firm Size*
- *Training as an Integral Part of the Organisation of Work: Future Trends*

GOALS OF THE INSTITUTIONAL PROGRAMME

As formulated by the social partners and the State, these goals are in effect a compromise between the desire for individual and collective social advancement on the one hand and economic necessity on the other.

① In the original full-employment context, there was a desire to find a quick remedy for social inequalities that were reinforced by an overly selective educational system, and to give a kind of "second chance" to individuals who had been too quickly excluded from initial training.

② More generally, it was deemed important to give men and women, as citizens, greater control over their lives by improving their level of education and training.

A FRENCH RESEARCH CENTRE FOR ANALYSIS OF OCCUPATIONS AND OF VOCATIONAL EDUCATION AND TRAINING

CEREQ

BOX 1
Principal Legislation on Continuing Vocational Training

In France, continuing vocational training is an economic and social fact. Rooted in a long historical tradition, it exists within a juridical framework that is at once contractual, legal, and regulatory.

Employers and unions established the foundations of the present system with the national inter-sectoral agreement signed between the employers organisations (CNPF and CGPME) and the employees unions (CFDT, CFTC, CGT, CGT-FO) on 9 July 1970 and its amendment for engineers and managers signed on 30 April 1971. This was followed by the Act of 16 July 1971, which instituted the "continuing vocational training" system. This initial law "bearing on the organisation of continuing vocational training in the framework of lifelong education" takes up and develops all of the previously instituted measures.

- **The national inter-sectoral agreement of 9 July 1970** *on occupational training and improvement provides for:*
  - *measures concerning occupational training for young workers and apprentices*
  - *the right of employees facing collective dismissal to obtain training at the employer's expense*
  - *the authorisation for all employees to be absent during working hours in order to acquire training of their choice.*
- **The Act of 16 July 1971** *"on the organisation of vocational training in the framework of lifelong education," extends certain measures of the 1970 agreement but also introduces new ones:*
  - *the right of all salaried workers to take training leaves*
  - *the obligation for all employers to participate in the financing of continuing vocational training*
  - *the role of employees' representatives in training*
  - *the reorganisation of state aid for the remuneration of trainees*
  - *specific measures for categories of workers other than salaried employees.*
- **The 26 October 1983 appendix to the 1970 agreement**, *which was signed by all the employers and union groups (except the CGT), deals with sandwich courses and in that context, provides for three types of in-house youth training programs.*
- **The Act of 24 February 1984** *institutes wide-ranging reforms of Book IX of the Labor Code based on the guiding principles of the Act of 16 July 1971. The main innovations concern:*
  - *the modification of the mode of financing individual training leaves and its extension to workers in firms with less than ten employees*
  - *the creation of "commitments to training development"*
  - *the introduction of measures aimed at youth (18-25 years old) based on the principle of sandwich courses.*
- **The Act of 4 July 1990**, *relating to the individualised training credit and to the quality and monitoring of continuing vocational training, institutes the individual's right to develop vocational skills, clarifies relationships between training organisations and trainees, and establishes a procedure for authorising government-regulated training programs in order to monitor their quality.*

② The proponents of continuing education believed that training would permit the adaptation of skills and thus increase the firms' ability to react to somewhat unforeseeable changes.

When the growth phase gave way to an ongoing economic crisis, where the constraints of international competition were all the more severe, this rapid transformation of skills became an overriding necessity in order for the firms to maintain a high level of competitiveness. Thus, for some years now, the third goal seems to have supplanted the aspirations of individual and collective advancement on the part of wage-earners whose "second chance" has now become inseparable from their involvement in the organisation of work.

AN ORIGINAL INCENTIVE SYSTEM WITHIN THE OECD

THE law is hardly the only source of the programme, or even the main one. From the outset, it was preceded by negotiations among the social partners leading to inter-sectoral agreements.

Thus, the Act of 16 July 1971, which is the keystone of the continuing vocational training system, followed the preliminary conclusion of collective agreements between unions and employers. The same was true for the February 1984 act which followed the inter-sectoral agreement of 1983 and which was notably responsible for introducing sandwich courses for young people as well as new public incentives.

This link between legislation and sectoral agreements responded to a desire to generate incentives rather than prescriptions, and in this way to ensure closer correspondance between general norms and the behaviours of the partners. Thus, every firm with more than ten salaried employees is required to allot a fraction of its wage bill to training expenditures. From an initial 0.8 percent, this legal requirement has been progressively increased to the current 1.2 percent level in effect since 1987. What is required, however, is the expenditure, not the training. Thus, a firm can meet its legal obligation by paying its funds directly to the Public Revenue Office or, as is often the case among the SMEs, to mutual funds established on a sectoral and/or regional basis. In the extreme, a firm can make the necessary expenditure without training a single employee.

UNPRECEDENTED INSTITUTIONAL INNOVATIONS

THE legal obligation generated a vast and ever-expanding market for continuing training. As a result, new institutions had to be created to regulate this market and, in particular, to ensure better coordination between the firms' supply and demand.

This situation gave rise to two kinds of bodies specifically oriented toward the SMEs:

① The training insurance funds (*Fonds d'Assurance Formation*) are jointly administered by employers and unions. In certain sectors (e.g., construction and hotel management), firms covered by the collective agreement are bound to belong and to contribute a fraction of the legal requirement to the fund.

② The training associations (*Associations de Formation*) were created by the sectoral employers, who wanted to retain direct control over the orientation of continuing training policies. Since 1984 their board (which plays a technical rather than a decision-making role) is jointly run.

Like mutual funds, these bodies are able to provide the firm with financing for training in amounts much greater than what the firm itself would have been able to set aside in the short run. These institutions are also intended to make SME management more aware of the usefulness of continuing training and to help adapt the content of the training activities to the specific organisational needs of the SMEs.

The development of this network of intermediate institutions must be stressed, not only because of the large sums of money they collect but more important, because they represent one of the rare instances in France where the social partners play a significant role between the traditionally strong and fairly prescriptive intervention of the State and the practices of specific firms.

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BOX 2

Training Practices: Measuring their Evolution

Definition of Training and Evolution of Practices

The issue of actually measuring the training carried out by firms raises related questions about the definitions and instruments to be used.

One source of statistical data is Declaration 2483, created by the Act of 1971 in relation to the employers' legal obligation to finance vocational training. Because of the fiscal context, the statistical use of this data (which is consigned to CEREQ) yields detailed descriptions of the different modes of fulfilling the financial obligation, but conversely, the physical or qualitative data are less precise, if not absent altogether.

The information provided bears on the "legal" portion of training, i.e., that which is attributable to the 1.2 percent. But even if the juridical notion of training has evolved from the training course (1971) to the training activity (1984), what is declared by employers hardly covers the whole of the firms' training activities and practices [1].

Indeed, a whole series of informal practices deemed "non- attributable" by the firms, such as on-the-job training, are subject to de facto exclusion from the declarations. At the same time, it appears that even the formal activities are only partially declared, since certain firms, once they have reached the legal threshold, suspend their accounting. Thus, a recent CEREQ survey shows that French firms actually spend an average of 20 percent more than what they declare for such activities.

Main Indicators

- *Financial participation rate: the ratio of training expenditures to the gross wage bill.*
- *Training expectancy: the ratio of total training-course hours to the salaried work force.*
- *Access Rate: the ratio of trainees to the salaried work force.*

[1] The Act of 1971 provides that training activities should be carried out "in accordance with a programme which, established in relation to previously determined goals, specifies the means of instruction and supervision employed and defines a mechanism capable of monitoring the execution of this programme and evaluating the results." Training was to be provided in quarters that were separate from the workplace.
Decree no. 85-531 of 3 April 1985 modifies this definition by specifying that "when training includes practical instruction, this can be offered in the workplace," which opens the way for certain training to take place at the work station.

TRAINING WITH A CAPITAL T

THE indisputable accomplishment of the 1971 programme is to have made continuing vocational training a permanent feature of French economy and society. At the same time, it contributed to legitimising the firm as a training institution, which was far from obvious in a country dominated by the academic model.

Nonetheless, continuing vocational training has been profoundly limited by the social and organisational context in which it developed, and in particular, by its status as a legal requirement.

Chart 1
Proportion of Salaried Employees Taking Training Courses (1988)
(%)

Employees	10-19 empl.	20-49 empl.	50-499 empl.	500-1999 empl.	≥ 2000 empl.	Total
Unskilled Operatives	2	3	9	18	24	12
Skilled Operatives	4	6	14	25	41	21
Employees	9	12	22	33	44	27
Supervisory Personnel & Technicians	13	19	34	50	66	40
Engineers & Management Personnel	16	21	37	58	67	45
Total	8	11	21	34	49	29

Source: CEREQ - *Traitement des déclarations d'employeur*

To begin with, the expanded recourse to continued vocational training obviously runs counter to the well-entrenched principles of Taylorism. Indeed, the low-skilled categories have been largely excluded from the new programmes, even though the law was intended to reduce such disparities. If in recent years an average of 27 percent of salaried employees took a training course at the instigation of their employers, the breakdown shows that close to 45 percent of these are engineers and managers, 25 percent skilled workers, and only 11 percent unskilled employees.

In addition, the degradation of work and the organisational "work crisis" that marked the end of the 1960s and the first half of the 1970s favoured training outside the workshop or the office on principle, since these sites were considered hopelessly tied to the logic of Taylorism.

Finally, the domination of the academic model, even for technical instruction, led in the same direction.

Thus, in one and the same somewhat paradoxical gesture, the Act of 1971 constituted the firm as a legitimate and efficient site for training and made training external to work. This notion amounted, implicitly at least, to considering that the organisation of work could not upgrade skills and thus could not contribute to training.

LARGE DISPARITIES BETWEEN SECTORS AND FIRM SIZE

THE growth of continuing vocational training since 1971 is first of all the result of industrial activities. The firms can be divided by sectors into three main groups according to the scale of their efforts.

▮ *Sectors with a Strong Tradition of Continuing Training*

Sectors with very concentrated activities, such as energy or the tertiary (transport, banks), have made long and liberal use of training in human relations management: their rate of financial participation in 1989, as in 1975, was greater than 3 percent. These large firms, mainly in the public sector, administer a labour force that is highly skilled and well paid. Negotiations among the social partners are important, thus emphasising precisely the kind of internal mobility that requires continuing training.

▮ *Intermediate Situations: Accommodating Change or Resolving the Crisis*

This group includes sectors where the recourse to training is higher than average--i.e., most manufacturing sectors, plus parachemicals and pharmaceuticals, insurance, and noncommercial services. Thus, the recourse to training follows from an acceleration of technological changes or where the crisis has caused profound transformations in productive structures.

▮ *Sectors near the Legal Minimum*

This is a fairly diverse group including the whole of the consumer-goods industries, construction, and certain manufacturing sectors (paper and board, metal-working, mechanical construction); commercial activities (wholesale and retail, both foodstuffs and non-foodstuffs, auto sales and repairs, hotels, cafes, restaurants), and two other tertiary sectors (commercial services to individuals and real estate rental and leasing).

In these instances, continuing training remains foreign to management styles that rely on the external market, strong mobility, a young and little-trained work force, and, for certain activities, the massive use of

apprenticeships or public programmes designed to facilitate the entry of young people.

Chart 3

Sectors	Number of Employees		Rate of Financial Participation		Rate of Trainees	
	1975	1988	1975	1988	1975	1988
Agriculture	106,856	60,856 88	1.16	2.08 179	23.1	23.5 102
Manufacturing	5,151,599	3,660,227 71	1.53	2.80 199	16.8	26.7 161
Construction	1,077,226	866,967 80	1.09	1.35 131	4.5	9.5 211
Tertiary	3,998,064	4,648,402 117	1.91	2.80 147	23.5	32.1 137

Boldface numbers correspond to the % of change. (base = 100 in 1975)
Source: CEREQ - *Traitement des déclarations d'employeurs*

Little Training in the SMEs

Eighty per cent of the smallest firms (10-19 employees) subject to the Act of 1971 still remain at the minimum of the required expenditures, and their participation has developed above all in relation to changes in the legal framework. In 1987, two out of three small firms had no trainees at all, as compared to only one firm out of every hundred with more than two thousand employees.

This situation demonstrates the continued difficulties of developping or simply undertaking continuing vocational training given the management and strategies of small firms.

For the SMEs, the legal obligation quickly became a tax levy, which only accentuated the disparity between the norm defined by the lawmaker and their spontaneous behaviours. For these firms, on-the-job apprenticeships are the preferred way to develop skills. Nor can they easily part with their employees in order to send them to training courses. Thus, far from favouring SMEs, the intermediate institutions have in fact put them at a disadvantage by limiting their financing to predefined training activities that are hardly compatible with their organisational makeup.

These problems are further compounded by the very heterogeneity of the SMEs and the mediocre quality of the institutional networks they can hope to lean on for access to training or innovations. It still remains to forge new forms of cooperation between firms (principals and subcontractors, for example), with the employers' organisations as intermediaries, so that all forms of assistance to training can be fully effective.

TRAINING AS AN INTEGRAL PART OF THE ORGANIZATION OF WORK: FUTURE TRENDS

MANY innovations in continuing training could prefigure the future role of "Training Investment" in the firms' practices. Mainly found in large firms, these innovations attest to the fact that continuing training is no longer simply a required expenditure but an integral part of the firms' operations and strategy which has become a veritable organising principle for work. Indeed, the most innovative firms now place training at the center of their industrial development programmes, where it can be actively mobilized at every phase of transition.

In the course of this process, moreover, the role of the training service has been redefined: it no longer has a monopoly on training courses and activities. In general, the services as a whole have been decompartmentalized, and middle-level managers are more involved in the definition of the training programme as well as in the direction of training activities. If these activities are to succeed, they must be well integrated into the different units of the firm, and training and supervisory personnel must be directly involved in the courses themselves.

Over the past decade, the French model of continuing vocational training could be characterized by the primacy of the financial regulation ("the 1 percent") and by the logic of the training course. In the current phase of innovation, vocational training is becoming more operational, both through renewed links with work and employment and through its concrete integration into decision-making processes.

In this new organisational model, continuing training becomes a necessary condition for ongoing adaptation to internal change. Such training is no longer a mere stop-gap measure to be mobilised in emergencies, externalised in its modes of operation, and little valued in its results. On the contrary, it has become an active variable in the structuring and management of the firm.

The firm's new relationship to training can be expected to have an effect on the normative framework defined by the Act of 1971. At the same time, the social goals mentioned at the outset have once again become a governmental preoccupation, giving rise to new legislation on the individualised training credit •

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